GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:2298
ANSWERED ON:10.03.2016
Coal Linkage Policy
Arunmozhithevan Shri A.

Will the Minister of COAL be pleased to state:

(a) whether the Government proposes to come out with a coal linkage policy to ensure supply of fossil fuel and a new tariffpolicy to boost regulatory mechanism for discoms and attracting investments;

(b) if so, the details thereof;

(c) whether the Government would go ahead with one billion tonnes of coal production target amid raging concernsabout rising pollution level; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF COAL, POWER AND NEW & RENEWABLE ENERGY

(SHRI PIYUSH GOYAL)

(a)&(b):There is already a policy of providing coal linkages to the intending consumers under which, based on the recommendations of Standing Linkage Committee (Long Term) of the Ministry of Coal, the coal companies issue Letters of Assurance (LoA) for supply of fossil fuel i.e. coal, subject to certain conditions. Upon fulfillment of conditions stipulated in theLoA, the Fuel Supply Agreement for supply of coal is signed between the applicant company and the coal subsidiary.

As per the information received from the Ministry of Power regarding Tariff Policy, the Union Cabinet on 20thJanuary, 2016, has approved the proposal for amendments in Tariff Policy. The revised Tariff Policy has been notified in the official Gazette on 28th January, 2016. The objectives of this revised policy are to:

I. Ensure availability of electricity to consumers at reasonable and competitive rates;
II. Ensure financial viability of the sector and attract investments;
III. Promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;
IV. Promote competition, efficiency in operations and improvement in quality of supply;
V. Promote generation of electricity from Renewable sources;
VI. Promote Hydroelectric Power generation including Pumped Storage Projects (PSP) to provide adequate peaking reserves, reliable grid operation and integration of variable renewable energy sources;
VII. Evolve a dynamic and robust electricity infrastructure for better consumer services;
VIII. Facilitate supply of adequate and uninterrupted power to all categories of consumers;
IX. Ensure creation of adequate capacity including reserves in generation, transmission and distribution in advance, for reliability of supply of electricity to consumers.

The amendments in the policy were designed to benefit power consumers and suppliers in multiple ways, viz., by ensuring availability of electricity to consumers at reasonable and competitive rates, ensuring financial viability of the sector and attracting investments and promoting transparency, consistency and predictability in regulatory approaches across jurisdictions. It is also expected to further facilitate competition, efficiency in operations and improvement in quality of supply of electricity and to spur renewable power for a cleaner environment and protect India's energy security. It is designed to boost the power sector and make its growth more sustainable.

(c)&(d): A roadmap has been prepared by Coal India Limited (CIL) to enhance production of coal to 1 Billion Tonnes of Coal by 2019-20.
The mechanism to safeguard the environment is already in place. The project planning is carried out by integrating environmental concerns. Coal mining projects are operated after obtaining environmental clearance and submitting compliance report at regular intervals. The coal mining projects also obtain consent to operate from State Pollution Control Board concerned. In addition, the mine closure plans are prepared and approved with requisite escrow fund for sustainable post-mining land reclamation and usage for the benefit of the local population. Environmental monitoring is carried out to assess the efficacy of the environmental protection measures undertaken and if required, additional measures are taken to keep the environmental attributes within prescribed limits.